



NEWS RELEASE

Retailers' New Return Fees are Driving Consumers to In-Person, Box-Free Returns

10/18/2023

New Happy Returns study highlights how retailers are updating return policies to positively impact their bottom line

SAN JOSE, Calif., Oct. 18, 2023 /PRNewswire/ -- According to the third annual "Returns Happen" study released today by Happy Returns, the popularity of in-person box-free returns is growing even stronger—with 67% of consumers ranking in-person returns as the No. 1 preferred return option, up 26% from last year. In addition, 90% of consumers say they avoid or refrain from shopping with retailers who offer mail returns as their only return option.

This increase in the preference for in-person returns is driven in part by retailers introducing or raising return fees, as they attempt to regain lost profits from the growing number of returns. According to the study, 81% of retailers started charging for at least one return method in the last 12 months. The results of these new fees have been mixed, with some retailers experiencing negative impacts on sales and customer satisfaction, and others finding ways to shape their return policies to drive customer loyalty while reducing costs.

"We continue to see retailers seeking out new ways to mitigate the negative impact of returns on their business, while still meeting the needs of shoppers and maintaining customer loyalty," said David Sobie, VP and Co-Founder of Happy Returns, a PayPal company. "This year's study shows that now, more than ever, retailers can achieve this balance by offering in-person, box-free returns across an extensive network of locations, with real-time item validation and immediate refunds."

The 2023 "Returns Happen" report surveyed 2,000 consumers and 200 enterprise retailers to understand evolving attitudes and outcomes around returns. Here's what the study found:



The Impact of Return Policies and Fees

For retailers, return fees can be a double-edged sword. While 53% of retailers who increased return fees saw a reduction in return rates, 48% of these retailers reported a decline in average order value and an increase in customer complaints. Additionally, one in three retailers claimed they had lost customers as a direct result of adding return fees.

Amidst New Return Fees, Consumers Desire Choice

What consumers want is choice, and preferably, a free return option. Of the retailers who implemented new return fees, 59% said they saw an increase in shoppers choosing the free return option they offered.

Other Factors Influencing Return Behaviors:

- Consumers consider return policies when purchasing: More than 80% of consumers check a retailer's return policy before making a purchase with a retailer for the first time and 55% of the consumer population surveyed have abandoned a shopping cart if the return policy wasn't convenient.
- Location and proximity drive in-person return adoption: Consumers are more willing to make a return if it's at a nearby location to them with 94% of shoppers surveyed willing to travel up to 2 miles, and 82% up to 5 miles for an in-person return. Furthermore, 68% of shoppers are more likely to shop with a retailer that offers in-person returns at convenient, nearby locations.
- In-person returns can help combat return fraud: An overwhelming 99% of retailers identify return fraud as a significant issue for their business. This is defined as the act of returning merchandise to a retailer for a refund in violation of the retailer's return policy. Among the myriad strategies explored, one way that retailers are finding success is by requiring each item to be individually scanned and verified before a refund can be issued, as Happy Returns provides at its Return Bar network of more than 10,000 locations.

To read the full report including advice for retailers, [visit here](#).

Methodology

The survey was conducted by TRC, commissioned by Happy Returns, with fieldwork administered by Forsta. The survey sampled 2,000 U.S. consumers who returned an online purchase within the past year and 200 U.S. senior-level merchants with revenue of \$500 million or more. The consumer survey was fielded from August 15 to August 21 and the merchant survey was fielded from August 16 to August 22 through a quantitative online survey with an overall margin of error of 2% (n=1,980).

About PayPal

PayPal has remained at the forefront of the digital payment revolution for more than 20 years. By leveraging technology to make financial services and commerce more convenient, affordable, and secure, the PayPal platform

is empowering hundreds of millions of consumers and merchants in more than 200 markets to join and thrive in the global economy. For more information, visit <https://www.paypal.com>.

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